National Association of State Veterans Homes

"Caring for America's Heroes"

TESTIMONY OF

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AND

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STATE VETERANS HOMES:
MEETING VETERANS' LONG TERM CARE NEEDS

SUBCOMMITTEE ON HEALTH
VETERANS' AFFAIRS COMMITTEE
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Chairman Michaud, Ranking Member Miller, Members of the Subcommittee –

I want to commend you for holding today's hearing and thank you very much for inviting the National Association of State Veterans Homes (NASVH) to testify on the role of State Homes in the provision of long term care to our nation's veterans. I especially want to thank you for allowing me to substitute for our National Legislative Chair, Bob Shaw, who was unable to make it to today's hearing due to the recent death of his mother.

This morning I am speaking as a Member of NASVH's Executive Committee and Chairman of our VA Liaison Committee, where I am responsible for interfacing with the Department of Veterans Affairs. In addition, I am here as the Administrator of the Oklahoma Veterans Center in Talihina, Oklahoma, which provides long term care for 175 veterans, including a 48 bed wing for ambulatory Alzheimer's patients.

Mr. Chairman, the State Home program dates back to the post-Civil War era when several States established homes in which to provide shelter and care to otherwise homeless, sick and maimed Union soldiers and sailors. In 1888 Congress first authorized federal grants-in-aid to the States that maintained these homes, including a per diem allowance for each veteran of twenty-seven cents ($100 per year per veteran). Over the years since that time, the State Home program has been expanded and refined to reflect the improvements in standards of medical practice, including the advent of nursing home, domiciliary, adult day health, and other specialized geriatric care for veterans.

For example, as I mentioned, the facility that I manage in Talihina has a 30-bed secure unit for Alzheimer's patients, a growing need in this veterans' population. At least two State Homes are providing adult day health care, and a number of others are developing programs or plans for this discipline and other emerging approaches to delivering care in less restrictive settings. In fact we are presently working with VA and State officials in a task force established by Deputy VA Secretary Gordon Mansfield to examine ways to establish more veterans adult day health care programs through auspices of the States and their State Veterans Homes.

Mr. Chairman, with the aging of our "baby boomer" generation, America faces a looming long term care crisis, one that many of our nation's veterans are already facing. Although the veteran population is declining, their needs are still rising. VA projects that today's veteran population of 24.5 million will continue to decline through 2020, but that the number of veterans over 65 years of age will

rise and ultimately peak in the year 2014, driven by the very large number of Vietnam veterans. Most alarming, the number of veterans over the age of 85 is projected to increase by 173 percent by 2020, creating an ever greater number of veterans seeking long term care services.

Another important factor to consider is that we are seeing extraordinarily disabled veterans coming home from Iraq and Afghanistan with levels of injury and disability unheard of in past wars. Our incredible military medical triage and its applied technology has saved them, and many of them are now in VA poly-trauma centers, but they present a medical and social challenge the likes of which we have never seen before. We are grateful that the numbers of these 'poly-traumatic" injured are relatively small, but we must be cognizant that they will need extraordinary care and shelter for the remainder of their lives. While VA is doing an excellent job to address their immediate needs, neither VA nor these veterans' families are fully prepared today to deal with their longer-term needs. I am hopeful that our partnership with VA might be a basis for the State Veterans Homes to play a small but vital role in aiding these catastrophically-injured veterans by providing them a home-like atmosphere, a caring environment and the level of clinical services they are going to need for the remainder of their lives.

Finally, the newest generation of veterans, from the Persian Gulf War until today, exhibits different expectations than their counterparts of the past. In general they are computer literate, well educated, want more involvement in their own care and want to control their own destinies. As these veterans age into later life and begin to need long-term care services, this will make VA's and our jobs much more challenging.

Mr. Chairman, today State Homes provide the bulk of long term care for our nation's veterans. Last year GAO reported that State Homes provide more than 50% of VA's overall patient workload in nursing homes, while consuming just 12% of VA's long term care budget. And the trend over recent years shows that State Homes are increasing their share of workload while their share of VA's budget continues to decline. VA pays just $67.71 as a per diem payment for each veteran residing in a State Home, which is less than one-third of the average cost of that veteran's care. The remaining two-thirds is made up from a mix of funding, including State support, Medicaid, and other public and private sources.

Compare this to VA's cost when contracting out with community nursing homes where VA covers 100 percent of the cost of care, often upwards of $200 per day, or when VA provides the care through one of its own nursing homes, where the average cost of care is in excess of $400 per day.

In addition to this per diem support, VA also helps cover the cost of construction, rehabilitation, and repair of State Veterans Homes on a matching basis with States. VA will provide up to 65 percent of the cost with the State providing at least 35 percent of the project's costs. The program was refined in 1999 under the Veterans Millennium Health Care and Benefits Act, which created a series of priority categories for pending construction projects. At the top of the priority list are life and safety projects, and new home construction in States without any State Home beds.

Unfortunately, in FY 2006, the construction grant program was cut from $104.3 million down to $85 million after a decade of stable funding marked by modest Consumer Price Index-type increases. In FY 2007 the Administration proposed and succeeded in holding down this funding at the reduced level of $85 million, continuing the $20 million reduction below the established 2005 baseline. The total funding reduction over two years is approximately $40 million.

As a result of these real-dollar reductions, as well as the effects of inflation and rapidly rising construction costs, the backlog of State Home construction projects is rapidly rising. There are currently $242 million in pending "priority 1" State Home projects, and NASVH estimates that the total backlog of all potential qualifying State Home projects, including new and replacement bed and new home proposals in Texas, North Carolina, North Dakota, California, Florida and other States, could soon surpass $1 billion.

Last month, NASVH testified before the Appropriations Subcommittee and requested that funding for the State Home construction grant program be increased to at least $160 million in FY 2008 in order to reduce the rising backlog, address the most serious life and safety issues, and protect the State Home system for the future. We would be grateful for any support you and this Committee can offer in that regard.

I believe it is important to note for the Subcommittee that, since the Civil War, States have assumed the burden of care for veterans and today spend over $3 billion annually to provide this care, despite the fact that veterans of our armed forces are serving the whole nation, not just their States. Seen this way, the care rendered to veterans by the States actually constitutes a subsidy to the federal government, even though the rhetoric you may hear makes the opposite argument—that VA subsidizes the States. In fact, if the States were to choose to abandon the State Home program, the burden of care for these veterans would

revert to the federal government, either through the VA directly, or to Medicare and Medicaid.

Finally, Mr. Chairman, like all health care facilities, State Homes are not immune from human errors and operational problems, such those recently reported in Arizona and Minnesota When such problems are discovered, they must not only be aggressively investigated and corrected, but the State Home has an obligation to take additional measures to ensure that such problems do not recur. As a system, however, NASVH is quite proud of the record of State Homes in providing quality care. One reason for this record is the extremely tough regulatory and oversight controls placed on State Homes – by both federal and State agencies.

Most State Veterans Homes are part of a State's departments of veterans' affairs, public health, or other State agency. Some Homes operate under the governance of a Board of Trustees, a Board of Visitors, or other body made up of prominent citizens, retired senior military personnel, former state and federal public officials and veterans. In addition, State financial and management agencies and offices will often perform extensive audits of State Homes every two to three years.

Each State is responsible for ensuring veterans receive quality long term and health care services and achieve high patient satisfaction, safe environmental conditions, and sound financial management. The primary responsibility resides in the State agency or office that manages State Homes, although other State agencies may share some oversight responsibilities, such as for finances. State Homes that are overseen by Boards also face direct scrutiny from their appointed Board Members. As State-owned public buildings, State Homes are subject to State and local fire marshal and life-safety inspections on a routine basis to examine for fire hazards and life-safety issues.

In addition, the Department of Veterans Affairs holds State Homes to the same high standards as are applied to nursing homes that VA owns and operates. State Homes are inspected annually by teams of VA examiners, including physicians, nurses, social workers, dieticians, activity specialists and mechanical and structural engineers. These visits typically consume a week, with more time involved for resolving any issues VA's examiners identify. VA's Inspector General also audits and inspects State Homes whenever and wherever it is determined necessary.

In addition, States Homes authorized to receive Medicaid and Medicare reimbursement are subject to unannounced inspections by the Centers for

Medicare and Medicaid Services (CMS), usually consuming three or more workdays, and staffed by a variety of long term care experts. State Homes are also subject to announced and unannounced inspections by HHS's Inspector General. Furthermore, the Department of Justice's Civil Rights Division is fully authorized to conduct investigations and takes necessary legal action to correct any complaints of neglect or abuse found to exist at State-run nursing homes. Finally, in some State Homes national veterans service organizations (VSOs), such as The American Legion, will regularly inspect State Homes, looking at both operational and management issues.

Mr. Chairman, State Veterans Home provide safe, high-quality and affordable care to our nation's veterans. This successful federal-State partnership is an indispensable component of our nation's long term care resources, and we are grateful for your continued support. Millions of American veterans are going to need long-term care in the years ahead and the State Veterans Home system must continue to be an important component of the solution.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you may have.